



California Public Employees' Retirement System  
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**TO: ALL CONTRACTING PUBLIC AGENCIES**

**SUBJECT: NEW OPTIONAL BENEFITS**

As a result of Chapter 237 (AB 1937, Statutes of 2000) and Chapter 855 (SB 1695, Statutes of 2000) that became effective January 1, 2001, the following optional contract provisions are available to public agencies:

**Section 21328 One-Time Increase for Members Who Retired or Died Prior to January 1, 1998**

A contracting agency may provide a one-time allowance increase for members who retired or died prior to January 1, 1998. The increase ranges from 1.0% to 6.0% on a graduated scale based on the member's date of retirement or death.

The increase applies to beneficiaries and survivors of members and retirees.

<b>Period During Which Retirement or Death Occurred</b>	<b>Percentage</b>
On or before December 31, 1974	6%
120 months ending December 31, 1984	5%
60 months ending December 31, 1989	4%
60 months ending December 31, 1994	3%
24 months ending December 31, 1996	2%
12 months ending December 31, 1997	1%
24 months ending December 31, 1999	0%

Employer Cost: Valuation Required.  
Member Cost: None.

An operative date for this benefit is established at the time of amendment.

**Section 21547.7 Alternate Death Benefit for Local Fire Members Credited With 20 or More Years of Service**

The surviving spouse or eligible children of a deceased firefighter member, who is credited with 20 or more years of CalPERS covered service and **whose death occurs while in the employ of a local agency contracting for this benefit**, may elect to receive the Alternate Death Benefit in lieu of the lump sum Basic Death Benefit or the 1957 Survivor Benefit.

If the member **had not** attained minimum retirement age at the time of death, the Alternate Death Benefit is calculated based on the member's total service credit with all employers (including the service credit earned while in the employ of the agency contracting for this benefit) as though the member had retired at age 50 and elected Option 2W. Option 2W provides the highest monthly allowance to a beneficiary.

If the member **had** attained minimum retirement age at the time of death, the benefit is calculated as though the member retired on the date of death (from the employing agency and all previous CalPERS covered employers) and elected Option 2W.

If the deceased firefighter **had not** attained the minimum retirement age at death and had service credit with previous CalPERS agencies, the cost of the Alternate Death Benefit will be the liability of the employing agency, except for a partial offset of costs resulting from a transfer of the member's contributions from all previous employers to the employing agency. The increase in liability not offset by this transfer will be paid by the agency contracting for this benefit and employing the member on the date of his/her death.

If the deceased firefighter **had** attained minimum retirement age at death, the increased cost of the benefit (regardless of whether the member has service credit with another CalPERS employer) is the liability of the agency contracting for this benefit and employing the member on the date of his/her death.

Employer Cost: Valuation Required.\*

Member Cost: None.

\* Please note that the Actuarial and Employer Services Division is in the process of programming our computer systems to be able to provide an actuarial cost for this benefit. We anticipate being able to provide cost estimates starting in May.

Please direct actuarial valuation requests to:

California Public Employees' Retirement System  
Actuarial & Employer Services Division  
Public Agency Contract Services  
P. O. Box 942709  
Sacramento, CA 94229-2709

We hope you find this information helpful. Questions regarding these new optional benefits should be directed to the Actuarial and Employer Services Division at (916) 326-3420.

Kenneth W. Marzion, Chief  
Actuarial and Employer Services Division